

By: Kolkhorst

H.B. No. 3488

A BILL TO BE ENTITLED

AN ACT

relating to a study of the effect on this state's economy of replacing all state and school district ad valorem tax revenue with revenue from a transaction tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) The comptroller shall conduct a study to determine the effect on this state's economy of imposing a transaction tax that:

(1) taxes every transaction that occurs in this state; and

(2) is electronically collected by financial institutions using banking data systems that are used in other economies for that purpose.

(b) Before collecting information for purposes of the study, the comptroller shall seek assistance from leading experts on automated payment transaction taxes to establish parameters, information collection techniques, and reasonable legal assumptions for the study. Experts from whom the comptroller must seek assistance include:

(1) persons who pioneered the concept of the transaction tax;

(2) persons who direct national projects on transaction taxes; and

(3) a professor of law and a professor of economics

1 from public institutions of higher education in this state.

2 (c) The comptroller shall use the parameters, techniques,
3 and legal assumptions established under Subsection (b) of this
4 section to determine the tax base available for a transaction tax by
5 collecting information from financial institutions in this state.
6 Information collected must include statistics regarding the total
7 number of debits that occur during a prescribed period from
8 accounts at those institutions that are held by residents of this
9 state or by businesses domiciled in this state. The comptroller has
10 the authority to collect and, notwithstanding any other law, those
11 institutions shall provide, the information described by this
12 subsection.

13 (d) The comptroller may not incur costs in excess of
14 \$200,000 in conducting the study.

15 (e) The comptroller and the persons described by Subsection
16 (b) of this section shall analyze the information collected under
17 Subsection (c) of this section and prepare a report that:

18 (1) describes the parameters, techniques, and legal
19 assumptions established under Subsection (b) of this section that
20 were used in conducting the study;

21 (2) estimates the tax base available for a transaction
22 tax, based on information collected under Subsection (c) of this
23 section;

24 (3) states the transaction tax rate necessary to
25 achieve revenue neutrality, assuming that the transaction tax was
26 imposed at that rate and all other state taxes and school district
27 ad valorem taxes were abolished; and

1 (4) analyzes the effects on this state's economy of
2 imposing the transaction tax at the rate specified by Subdivision
3 (3) of this subsection and abolishing all other state taxes and
4 school district ad valorem taxes.

5 (f) Not later than July 1, 2008, the comptroller shall
6 submit to the legislature the report prepared under Subsection (e)
7 of this section.

8 SECTION 2. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2007.